

Report to the
Senate Appropriations Committee on Health and Human Services,
the House of Representatives Appropriations Subcommittee on Health and
Human Services and the Fiscal Research Division

Report on

Developmental Center Downsizing

Session Law 2007-323
House Bill 1473

Section 10.50(d)

May 1, 2009

North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities, and
Substance Abuse Services

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The Appropriations Bill Session Law 2007-323 Section 10.50 calls for the Department to “ensure that the downsizing of the State’s Developmental Centers is based upon individual needs and the availability of community-based services with a targeted goal of four percent (4%) each year.” The Department must “ensure that placements for ICF-MR level of care shall be made to appropriate community-based settings” and “admissions to a State-operated ICF-MR facility is permitted only as a last resort”. The bill also requires that “budgets for each of the Developmental Centers be reduced, and positions shall be eliminated as the census of each facility decreases in accordance with the Department’s budget reduction formula” and that the Department of Health and Human Services report on the progress made in complying with this section.

The developmental centers continue with downsizing efforts to comply with this legislation. Between July 1, 2007 and June 30, 2008, 32 individuals moved from the developmental centers to the community. These individuals moved to a variety of settings, including the Intermediate Care Facility for The Mentally Retarded (ICF-MR) group homes, supervised living group homes, alternative family living homes and to their natural families’ homes. During this same time period, 52 individuals were admitted to the developmental centers, many of whom came from licensed community residential settings, including ICF-MR group homes. These admissions were due to behavioral and/or medical needs that could not be addressed in the individual’s community setting and were requested after other community resources were explored and exhausted. It is anticipated that 29 of the individuals admitted to the developmental centers last fiscal year will be ready to return to the community within two years, while the remaining 23 will likely remain at the developmental centers for an extended period of time due to the complex nature of their disabilities. For all individuals admitted to the developmental centers, reintegration to the community is the goal.

In addition to discharges, resident deaths from natural causes contribute to census reduction at the centers. During fiscal year 2008, 29 individuals died either at the developmental centers or after being transferred to hospitals in the community. With 69% of the individuals residing in the centers over the age of 45, and research suggesting that the aging process for the population of people with developmental disabilities beginning 20 years earlier than the general population, the number of deaths is not unexpected. Many of the residents of the centers have very complex medical conditions, requiring various treatments, medications and special equipment.

In sum, the net census reduction of the developmental centers in fiscal year 2008 was nine, a rate decrease of 1.2%. Despite the number of individuals who moved to the community and the number of deaths, the net census has not significantly dropped due to failed community placements. Individuals with severe autism and other developmental

disabilities with extremely challenging behaviors and complex medical conditions continue to request the services provided at the developmental centers.

The developmental centers continue to receive referrals for admissions from the community and the state psychiatric hospitals. During the first six months of fiscal year 2009, the developmental centers received 120 requests for admission, of which 17 were accepted for regular admission and eight for respite. Since the developmental centers are considered to be the option of final resort, all admission requests come under careful scrutiny. All referrals must include a comprehensive packet of information that includes a letter of endorsement from the individual's home LME. The packet includes detailed information about the individual's diagnoses, presenting problem, developmental and medical history, community services that have been utilized, prior residential arrangements and the other resources that have been explored prior to seeking admission. Upon submission of a complete admission packet, a screening visit with the individual, family and other important people in the individual's life is completed to assess for eligibility and clinical appropriateness for admission. Admissions committees at the developmental centers thoroughly review the information, including whether all community resources have been explored and exhausted. For individuals deemed not in need of admission, recommendations are made for community alternatives to pursue. In many cases, the recommendations result in successful diversion from the admission to the facility. The developmental centers sometimes receive second requests for some individuals whose initial admission requests were denied and suggested community options were unsuccessful in abating the situation.

With the recent implementation of the systemic, therapeutic, assessment, respite, treatment (START) model of crisis services for individuals with developmental disabilities and behavioral health needs, the expectation is that many admissions will be diverted through services provided by the NC START teams. Through the provision of prevention and intervention services, the NC START teams work collaboratively with families, LMEs, and community service providers to assist individuals who have histories of behavioral health crises. As the NC START teams increase their operations, they will become involved with transition planning for individuals moving from the developmental centers to the community.

During fiscal year 2004-2005, a formula was developed, based upon input from the directors of the developmental centers, for reductions in the facilities' budgets based on net census reductions. Budget reductions occur in July of each fiscal year based on actual census reductions during the previous fiscal year and the formula for the dollar amounts reduced per downsized bed is recalculated using each center's new daily rate. For the period of SFY 2002 through SFY 2008, a total annualized recurring reduction of \$7,571,743 attributable to downsizing has been reduced from the centers' budgets. Reductions have come primarily from the elimination of positions. Medicaid savings of \$4,160,531 from the reductions initiated prior to July 1, 2007, were to be transferred internally by the Division of Medical Assistance from the ICF-MR State facility budget category to the Community Alternatives Program-Mental Retardation/Developmental Disabilities (CAP-MR/DD) for the provision of waiver services to individuals residing in

the community. Medicaid savings of \$1,926,421 from reductions initiated on or after July 1, 2007, are to be transferred internally by the Division of Medical Assistance from the ICF-MR State facility budget category "...to support Medicaid services to assist in continued community services opportunities for people developmental disabilities." (Session Law 2007-323, HB 1473, Section 10.50(b)(3). The savings in State appropriation from downsizing activities during this period was \$1,484,791. Of this amount, \$1,104,532 was reduced from the Division's budget in accordance with legislative reduction requirements. The remaining \$380,259 in State appropriation savings was realigned within the Division's budget to support the provision of community-based services for individuals with developmental disabilities. Due to statewide funding cuts during fiscal year 2009, no additional downsizing savings were available to be transferred for community services.

During the 2008 session of the General Assembly, legislation was passed to encourage LMEs to use up to 5% of their state developmental disability funds to help successfully transition individuals from the developmental centers to the community. As presented in the March 1, 2009 report to the House and Senate Appropriation Committees, eight of twenty-three LMEs designed their state dollars for this purpose during the first 6 months of the fiscal year.

The Division of Mental Health, Developmental Disabilities and Substance Abuse Services continues to work with LMEs, providers, developmental centers and other stakeholders to promote reintegration of individuals from the developmental centers to the community. New initiatives such as NC START, the ICF-MR bed transfer project and the Money Follows the Person grant should help to support this endeavor.